

**AGMARDT**  
**Financial Statements**  
**For the Year Ended 30th June 2014**

**Prepared by**

**Deloitte**  
**Wellington** **NZ**

**AGMARDT**  
**Schedule of Contents**  
**For the Year Ended 30th June 2014**


	<b>Page</b>
Statement of Responsibility	1
Audit Report	2
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Financial Position	7
Statement of Cash Flows	8
Statement Accounting Policies	9-15
Notes to the Financial Statements	16-24
Directory	25

**AGMARDT**  
**Statement of Responsibility**  
**For the Year Ended 30th June 2014**

The Board of the Agricultural and Marketing Research and Development Trust (the Trust) accepts responsibility for the preparation of the Financial Statements and the judgements made in them.

The Board of the Trust has the responsibility for establishing, and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these Financial Statements fairly reflect the financial position and operations of the Trust for the year ended 30 June 2014.

  
\_\_\_\_\_  
**B Brook**  
**Chairman**

**For and on Behalf of the Board**

  
\_\_\_\_\_  
**T Egan**  
**Trustee**

31/10/14 Date

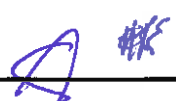
31/10/14

**AGMARDT**  
**Audit Report**  
**For the Year Ended 30th June 2014**

TO BE SUPPLIED BY AUDIT NZ

**AGMARDT**  
**Statement of Comprehensive Income**  
**For the Year Ended 30th June 2014**

	Note	2014 \$	2013 \$
<b>Income</b>			
Interest Income		44,101	16,216
Investment Portfolio Income	2	9,590,074	11,984,697
Investment Rebates		35,113	27,598
Foreign Currency Gain (Loss)	3	(384,826)	(2,144,292)
Depreciation Recovered		-	150
<b>Total Income</b>		9,284,462	9,884,369
<b>Less Expenses</b>			
Other Expenses	5	181,289	214,345
Auditors Remuneration - Accounts		21,528	19,073
Depreciation		4,789	4,076
Electricity Expenses		535	1,116
Investment Advice and Management		162,023	68,610
Personnel Costs	4	187,400	229,558
Professional Fees		1,323	20,525
Provision for Bad Debts	18	-	85,000
Rent & Accommodation		26,352	24,412
Trustees' Remuneration	16	74,760	77,760
		659,999	744,475
<b>Surplus (Deficit) of Income over Expenditure before Allocation of Grants</b>		8,624,463	9,139,894
Net grants allocated this year	8	2,718,147	2,004,511
<b>Net Surplus (Deficit) for the year</b>		\$5,906,316	\$7,135,383
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Year</b>		\$5,906,316	\$7,135,383

10/1/14  


**AGMARDT**  
**Statement of Changes in Equity**  
**For the Year Ended 30th June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Opening Equity</b>		
Capital	32,000,000	32,000,000
Capital Maintenance Fund	27,521,232	27,107,480
Accumulated Income/(Deficit)	16,115,910	9,394,279
	<u>\$75,637,142</u>	<u>\$68,501,759</u>
<b>Transfers From Statement of Comprehensive Income</b>		
Capital Maintenance Fund	952,340	413,752
Accumulated Income/(Deficit)	4,953,976	6,721,631
	<u>\$5,906,316</u>	<u>\$7,135,383</u>
<b>Closing Equity</b>		
Capital	32,000,000	32,000,000
Capital Maintenance Fund	28,473,572	27,521,232
Accumulated Income/(Deficit)	21,069,886	16,115,910
	<u>\$81,543,458</u>	<u>\$75,637,142</u>



**AGMARDT**  
**Statement of Financial Position**  
**As At 30th June 2014**

	Note		2014 \$	2013 \$
<b>Trust Funds</b>				
Capital		32,000,000		32,000,000
Capital Maintenance Fund	7	<u>28,473,572</u>		<u>27,521,232</u>
			60,473,572	59,521,232
<b>Revenue Reserves</b>				
Accumulated Income (Deficit)			<u>21,069,886</u>	<u>16,115,910</u>
<b>Total Trust Funds</b>			<u>\$81,543,458</u>	<u>\$75,637,142</u>
 <b>Represented By:</b>				
<b>Current Assets</b>				
Cash and cash equivalents	6	2,472,778		898,406
Payments in Advance		-		498
Debtors and Other Receivables	18	10,500		-
Investments	9	<u>527,725</u>		<u>516,152</u>
<b>Total Current Assets</b>		3,011,003		1,415,056
<b>Non Current Assets</b>				
Term Investments	9	81,726,374		77,014,730
Property, Plant and Equipment	10	<u>2,850</u>		<u>5,402</u>
<b>Total Non Current Assets</b>		<u>81,729,224</u>		<u>77,020,132</u>
<b>Total Assets</b>			84,740,227	78,435,188
<b>Less Current Liabilities:</b>				
Creditors and other payables		380,459		421,427
Employee Entitlements		30,436		16,690
Grants Provision	8	<u>2,206,529</u>		<u>2,029,971</u>
<b>Total Current Liabilities</b>		2,617,424		2,468,088
<b>Less Non Current Liabilities:</b>				
Grants Provision	8	<u>579,345</u>		<u>329,958</u>
<b>Total Non Current Liabilities</b>		<u>579,345</u>		<u>329,958</u>
<b>Total Liabilities</b>			<u>3,196,769</u>	<u>2,798,046</u>
			<u>\$81,543,458</u>	<u>\$75,637,142</u>

For and on Behalf of the Board

  
B Brook  
Chairman

  
T Egan  
Trustee

31/10/14 Date

**AGMARDT**  
**Statement of Cash Flows**  
**For the Year Ended 30th June 2014**

	Note	2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
<b>Cash was Provided From:</b>			
Interest Income		44,101	16,216
Realised Gain on Investment		925,378	-
Foreign Exchange Gain	3	4,239,851	3,681,689
Investment Rebate		<u>35,113</u>	<u>27,598</u>
		<b>5,244,443</b>	<b>3,725,503</b>
<b>Cash was Applied To:</b>			
Payments to Suppliers and Employees		692,036	427,382
Payments for Grants		<u>2,292,602</u>	<u>1,959,702</u>
		<b><u>2,984,638</u></b>	<b><u>2,387,084</u></b>
<b>Net Cash from Operating Activities</b>	<b>13</b>	<b>2,259,805</b>	<b>1,338,419</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash was Provided from:</b>			
Maturity and sale of investments		13,915,256	238,463
Loans repaid		<u>-</u>	<u>82,730</u>
		<b><u>13,915,256</u></b>	<b><u>321,193</u></b>
<b>Cash was applied to:</b>			
Purchase of Investments		14,598,452	1,248,735
Purchase of Fixed Assets		<u>2,237</u>	<u>2,602</u>
		<b>14,600,689</b>	<b>1,251,337</b>
<b>Net Cash from Investing Activities</b>		<b><u>(685,433)</u></b>	<b><u>(930,144)</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>1,574,372</b>	<b>408,275</b>
Cash and cash equivalents at beginning of year		<u>898,406</u>	<u>490,131</u>
<b>Closing Cash Balance</b>		<b><u>\$2,472,778</u></b>	<b><u>\$898,406</u></b>



**AGMARDT**  
**Statement of Accounting Policies**  
**For the year ended 30th June 2014**

**The Agricultural and Marketing Research and Development Trust was established by a Deed of Trust dated 20 October 1987 and the financial statements have been prepared pursuant to Clause 17 of the said Deed and the Public Finance Act 1989.**

**1. Statement of Accounting Policies**

**Reporting Entity**

The Agricultural and Marketing Research and Development Trust (the Trust) is a fourth schedule entity in terms of the Public Finance Act 1989. These financial statements have been prepared in accordance with the Public Finance Act 1989 and the Crown Entities Act 2004. The Trust's ultimate parent is the New Zealand Crown.

The Trust's primary objective is to provide public services to the NZ public, as opposed to that of making a financial return.

Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the Trust are for the year ended 30 June 2014, and were approved by the Board on 24 October 2014.

**Basis of Preparation**

**Statement of Compliance**

The financial statements of the Trust have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

**Measurement base**

The financial statements have been prepared on a historical cost basis, except for the measurement of equity investments and derivative financial instruments at fair value.

**Differential Reporting**

The Trust is a qualifying entity for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined by the New Zealand Institute of Chartered Accountants framework for Differential Reporting. The Trust has not taken advantage of any of the Differential Reporting exemptions except for some components of NZ IFRS 7: Financial Instrument Disclosures.

**AGMARDT**  
**Statement of Accounting Policies**  
**For the year ended 30th June 2014**

**Changes in Accounting Policy**

The Trust has adopted the following revisions to accounting standards during the financial year which have had only a disclosure effect:

NZ IAS 24 *Related party disclosures (revised 2009)* - The effect of adopting the revised NZ IAS 24 is:

- more information is required to be disclosed about transactions significantly influenced by the Crown
- commitments with related parties require disclosure
- information is required to be disclosed about any related party transactions with Ministers of the Crown.

*Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted.*

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Trust, are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust will be eligible to apply the reduced disclosure regime (Tier 2 reporting entity) of the public sector for reporting periods beginning on or after 1 July 2014. Therefore, the Trust will transition to the new standards in preparing its 30 June 2015 financial statements. The Trust has not assessed the implications of the new Accounting Standards Framework at this time.

**AGMARDT**  
**Statement of Accounting Policies**  
**For the year ended 30th June 2014**

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

***Functional and presentation currency***

The financial statements are presented in New Zealand dollars, to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

**Significant Accounting Policies**

**1.01 Revenue**

Revenue is measured at the fair value of consideration received or receivable.

*Interest*

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

**1.02 Grant Expenditure**

The Trust only awards discretionary grants.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when the grant has been approved by the Trustees and the approval has been communicated to the applicant.

Any grants approved by the Trustees and subject to any unfulfilled requirements or agreements have been accounted for within the classification of Current Liabilities and Non-Current Liabilities. Future benefits may accrue to the Trust as a result of certain grants made. These benefits are not able to be quantified with any certainty and therefore have not been recognised in these financial statements.

**1.03 Leases**

*Finance leases*

Leases that transfer to the Trust substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases.

As at 30 June 2014 the Trust had no finance leases (2013: Nil).

*Operating leases*

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Trust are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of comprehensive income.

Lease incentives received are recognised in the net surplus or deficit for the year over the lease term as an integral part of the total lease expense.



**AGMARDT**  
**Statement of Accounting Policies**  
**For the year ended 30th June 2014**

**1.04 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks both domestic and international, other short-term, highly liquid investments, with original maturities of three months or less and bank overdrafts.

**1.05 Debtors and other receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

**1.06 Financial Instruments**

At each balance sheet date the Trust assesses whether there is any objective evidence that an investment is impaired.

*Investments*

The Trust is party to investments as part of its normal operations. These investments include bank accounts, short-term deposits, investment portfolio (including equities, bonds and cash). All investments are recognised in the Statement of Comprehensive Income and all revenues and expenses in relation to investments are recognised in the statement of comprehensive income.

*Bank deposits*

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured using fair value through profit and loss.

For bank deposits, impairment is established when there is objective evidence that the Trust will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into receivership or liquidation, and default in payments are considered indicators that the deposit is impaired.

*Equity investments*

The Trust holds no direct equity investments but appoints investment managers to manage equity investments.

*Other investments*

Other Investments are valued at fair value through profit and loss with any resultant increase or decrease over cost or previous market value being reflected in the Statement of Comprehensive Income.

*A #1E*

**AGMARDT**  
**Statement of Accounting Policies**  
**For the year ended 30th June 2014**

**1.07 Property, plant and equipment**

The only property, plant and equipment asset class is office equipment. Property, plant and equipment are shown at cost less any accumulated depreciation and impairment losses.

*Additions*

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

*Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

*Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

*Depreciation*

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Office Equipment 5 years (20%)

**1.08 Intangible assets**

The Trust holds no intangible assets.

Costs associated with the development and maintenance of the Trust's website are recognised as an expense when incurred.

**1.09 Impairment of non-financial assets**

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Trust would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income. For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the statement of comprehensive income.



**AGMARDT**  
**Statement of Accounting Policies**  
**For the year ended 30th June 2014**

**1.10 Employee entitlements**

*Short-term employee entitlements*

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Trust recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

**1.11 Provisions**

The Trust recognises a provision for grants when an application has been approved by the Trustees.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**1.12 Goods and Services Tax**

The Trust is not a "registered person" in terms of the Goods and Services Tax Act 1985. Consequently, all expenses and capital acquisitions are shown inclusive of GST.

**1.13 Income Tax**

The Trust is a public authority as defined by the Income Tax Act 2007 and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.



**AGMARDT**  
**Statement of Accounting Policies**  
**For the year ended 30th June 2014**

**1.14 Critical accounting estimates and assumptions**

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**1.15 Critical judgements in applying the Trust's accounting policies**

Trustees have exercised the following critical judgements in applying the Trust's accounting policies for the year ended 30 June 2014:

*Investments classification*

The Trust has made judgements that the portfolio investments made are not direct equity investments.

*Grant expenditure*

The Trust must exercise judgement when recognising grant expenditure to determine if conditions of the grant application and approval process have been satisfied. This judgement is based on the facts and circumstances that are evident for each grant contract.

**1.16 Hedging Instruments**

The Trust, through its Fund Manager, enters into hedging instruments such as futures, options and forward exchange contracts. These are converted at the New Zealand Dollar rate at balance date with all realised and unrealised gains and losses being recognised in the net surplus or deficit for the year.

**1.17 Gain (Loss) on Investment Portfolio**

The gain or loss on the Investment Portfolio in the statement of comprehensive income includes all realised and unrealised gains and losses.

**1.18 Investment Policy**

Funds are invested in accordance with the Statement of Investment Policy and Objectives (SIPO) that is reviewed periodically by the Trustees.



**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**2. Investment Portfolio Income**

	2014	2013
NZ Fixed Interest (ANZ New Zealand Investments)	281,180	91,104
Core Global Share Trust (Jana)	1,343,820	2,164,617
Diversified Fixed Income Trust (Jana)	952,707	879,162
High Alpha Global Share Trust (Jana)	3,561,499	4,779,394
Property Trust (Jana)	1,159,934	1,530,491
Triplepoint Fund (Jana)	157,074	195,269
Milford NZ Equities Wholesale Fund	332,908	-
Bentham Asset Management (Fidante)	875,573	-
Australasian Equity Fund (Harbour)	<u>925,379</u>	<u>2,344,660</u>
	<u>\$9,590,074</u>	<u>\$11,984,697</u>

The income above represents the change in fair value of the Investment Portfolio, inclusive of reinvested income.

**3. Foreign Exchange Gain (Loss)**

The Trust investment policy is to be fully hedged (100%). The unrealised loss/gain reflects the currency hedge position as of 30 June. The foreign currency hedges are there to protect the exposure to the foreign currency markets in relation to the foreign investments. The Bank of New Zealand (BNZ) currency hedge is realised and paid/received quarterly based on the foreign investment position.

	2014	2013
Foreign Exchange Gain (Loss)	4,239,851	3,681,690
Foreign Exchange Hedge unrealised	<u>(4,624,677)</u>	<u>(5,825,982)</u>
	<u>(\$384,826)</u>	<u>(\$2,144,292)</u>

**4. Personnel Costs**

	2014	2013
	\$	\$
Staff Remuneration	156,111	226,003
Staff Training & Development	12,706	-
Increase/(Decrease) in Employee Entitlements	13,746	(309)
Employer Contributions to Defined Contribution Plans	<u>4,837</u>	<u>3,864</u>
<b>Total Personnel Costs</b>	<u>187,400</u>	<u>229,558</u>



**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**5. Other Expenses**

The balance of Other Expenses comprises the following items:

	2014	2013
	\$	\$
Accountancy Fees	44,654	30,801
Administration Expenses	4,624	11,435
Advertising	382	16,034
Annual Report	3,000	1,516
Board Secretary	2,925	965
Computer & Website Costs	19,454	1,265
General Expenses	3,413	4,733
Hedge Management Fee	10,888	10,715
Insurance & ACC	2,251	1,866
Interest	35	2
Legal Expenses	6,225	15,720
Meeting Expenses	1,670	1,261
Postage & Stationery	10,319	6,773
Public Relations	13,169	2,464
Recruitment Fee	206	43,969
Subscriptions	1,398	3,819
Technical Advisory	1,708	5,200
Telecommunications	6,698	4,543
Travelling Expenses	38,648	21,456
Trustee Disbursements	9,622	29,808
<b>Total Other Expenses</b>	<b>181,289</b>	<b>214,345</b>



**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**6. Cash and Cash Equivalents**

	2014	2013
	\$	\$
Cash at bank	2,472,778	898,406
<b>Total Cash and Cash Equivalents</b>	<b>2,472,778</b>	<b>898,406</b>

**7. Capital Management**

The Capital of the Trust was set by Clause 1(b) of the Deed of Trust to be \$32,000,000. This capital was settled in April 1988 and is to be retained in perpetuity and used to generate income for the Trust.

The Capital Fund Maintenance Reserve represents the additional amount necessary to preserve the real value of the capital of \$32,000,000 from April 1988 to the equivalent value at June 2014. An adjustment for inflation is made by increasing the Capital Maintenance Fund by the Consumer Price Index.

The Consumer Price Index for the year ended 30 June 2014 was 1.6%. A transfer of \$952,340 has been made to the capital reserve (2013: \$413,752), being 1.6% of the opening value of the reserve.

	2014	2013
	\$	\$
Balance 1 July	27,521,232	27,107,480
Transfer from/(to) Accumulated Funds	952,340	413,752
Balance 30 June	<b>\$28,473,572</b>	<b>\$27,521,232</b>

**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**8. Provision for Grants**

A provision is made when grants are approved. An assessment is made each year on the likelihood of payment and an adjustment made if it is determined that a grant previously approved will not be paid.

	2014	2013
	\$	\$
Balance 1 July	2,359,929	2,315,120
Plus:		
Grant applications approved	2,923,896	2,291,833
Grants relinquished	<u>(205,749)</u>	<u>(287,322)</u>
	<u>2,718,147</u>	<u>2,004,511</u>
	5,078,076	4,319,630
Less:		
Grants paid/payable	<u>2,292,206</u>	<u>1,959,701</u>
Balance 30 June (Note (a))	<u>\$2,785,870</u>	<u>\$2,359,929</u>

Comprising grants made in the following years that have not yet been paid out:

	2014	2013
2007	7,311	7,311
2008	-	-
2009	41,000	194,025
2010	17,000	17,002
2011	192,019	310,334
2012	96,100	353,553
2013	416,601	1,477,704
2014	<u>2,015,843</u>	<u>-</u>
	<u>\$2,785,874</u>	<u>\$2,359,929</u>

The Trust has also committed to further grants, which have been approved by the trustees at 30 June but not finalised until after 30 June of \$591,800 (2013 \$362,585).

Note (a): Provision for Grants comprising:

Current	2,206,529	2,029,971
Non-Current	<u>579,345</u>	<u>329,958</u>
Total Provision for Grants	<u>\$2,785,874</u>	<u>\$2,359,929</u>





**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**11. Commitments**

AGMARDT leases office accommodation for the activities of the Trust.

	2014	2013
Office Lease	\$	\$
0 - 1 Year	2,839	24,412
1 - 2 Years	-	24,412
2 - 5 Years	-	42,721
5 + Years	-	-
Total Office Lease Commitment	<u>\$2,839</u>	<u>\$91,545</u>

The Trust has also committed to further grants, which have been approved by the trustees at 30 June but not finalised until after 30 June of \$591,800 (2013 \$362,585).

**12. Contingent Liabilities and Financial Commitments**

The Trust had no performance guarantee with its bank, the ASB Bank Limited, as at 30 June 2014 (2013: Nil). There were no financial commitments as at 30 June 2014 other than those referred to in Note 8 and 11 (2013: Nil). There were no contingent assets or liabilities as at 30 June 2014 (2013: Nil)

**13. Reconciliation of Net Surplus/(Deficit) for the year with Net Cash Flows from Operating Activities**

	2014 Actual	2013 Actual
Net Surplus/(Deficit) for the year	5,906,316	7,135,383
Add (less) non-cash items:		
Change in market value of investments	(8,664,696)	(11,984,697)
Currency Hedge Receipt(Payment)	4,624,677	5,825,981
Depreciation	<u>4,789</u>	<u>4,076</u>
	1,871,086	980,743
Add (less) movements in working capital items:		
Accounts payable and accruals	(27,224)	226,640
Accounts receivable	(10,500)	86,725
Prepayments	498	(498)
Provision for Grants	<u>425,945</u>	<u>44,809</u>
Net cash from operating activities	<u>\$2,259,805</u>	<u>\$1,338,419</u>

**14. Financial Instruments**

The financial instruments are subject to the normal market risks associated with markets in which they are traded. However there is limited credit risk relating to the Fund Managers or the Custodians and because of the diversification of investments, there are no significant concentrations of credit risk within the investment portfolios.

The maximum credit risk is the full value of the investment held. Investments in managed funds are held in New Zealand dollars. Foreign currency hedges are taken out by the Fund Managers to minimise their exposure to exchange fluctuations. The Offshore Equities Portfolios are fully hedged back to the New Zealand dollar.

**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**Financial Instrument Risks**

The Trust's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Trust has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from the financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

**Fair Value interest rate risk**

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its deposits which are held at fixed interest rates and overseas funds held which contain assets at fixed interest rates. The maximum exposure is the interest that could be received on the portfolio value at 30 June 2014 of \$33,459,571 (2013: \$31,481,481).

The Trust's fixed interest investments constitute investments in NZ Fixed Interest.

**Price Risk**

This is the risk that the fair value of a financial instrument held in the portfolio will fluctuate as a result of changes in market prices. The Trust is exposed to equity market risk on its equity investments, which constitute around 59% of its total investment assets. This price risk is managed by the Trust Statement of Investment Policy and Objectives (SIPO) that is reviewed periodically by the Trustees. The Trust's maximum exposure is \$48,794,528 (2013: \$46,049,401).

**Currency Risk**

Currency risk is the risk that the fair value of a financial instrument held in the portfolio will fluctuate due to changes in foreign exchange rates. The Trust's maximum exposure is limited to its holdings in foreign currency of \$55,437,316 (2013: \$52,858,339).

The Trust has a Foreign Currency Hedging Policy to manage the currency risk exposure. The policy is reviewed periodically by the Trustees.

**Credit Risk**

This is the risk that a third party will default on its obligation to the Trust, causing it to incur a loss. In its New Zealand Fixed Interest portfolio the Trust's credit risk is controlled by the imposition of credit limits in the investment guidelines agreed with its fixed interest manager. These credit limits control the credit quality of the portfolio by restricting holdings of securities of various credit ratings on a graduated scale.



**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**Liquidity Risk**

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. With one exception, all of the Trust's investments are liquid such they can be readily converted to cash. In particular:

1. The Trust's investments in the products held with Jana Investments can normally be redeemed to cash within five business days.
2. The NZ Fixed Interest portfolio comprises almost entirely marketable debt and cash securities. Credit securities and certain derivatives that are less liquid may be held in the portfolio, but the exposure to such securities is limited by provisions in the manager's guidelines.

The Trust is exposed to liquidity risk to the extent of its creditors and payables and grants payable. The maximum exposure is \$3,196,768 (2013: \$2,798,046).

**15. Related Party Transactions**

All related party transactions have been entered into on an arm's length basis.

The Trust is a wholly owned entity of the Crown.

*Significant transactions with government -related entities*

The Trust has had no significant transactions with government-related entities, except grants made at arms length through the normal grant application process.

*Collectively, but not individually, significant, transactions with government-related entities*

In conducting its activities, the Trust is required to pay various taxes and levies (such as PAYE) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Trust is exempt from paying income tax.

The Trust also purchases good and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2014 totalled \$19,975 (2013: \$13,448). These purchase included the purchase of air travel from Air New Zealand.

*Key Management Personnel*

Key management personnel comprise the trustees and the general manager. There were no transactions entered into during the year with key management personnel.

**AGMARDT**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2014**

**Key Management Personnel Compensation**

	<u>2014</u>	<u>2013</u>
Salaries and other short-term employee benefits	153,549	156,003
Trustee's Remuneration	74,760	77,760
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	70,000
Total Key Management Personnel Compensation	<u>\$228,309</u>	<u>\$303,763</u>

**16. Trustee Remuneration**

Trustee	<u>2014</u>	<u>2013</u>
Mr J Grant	4,500	23,760
Prof J Rowarth	9,000	18,000
Mr B Brook	18,000	18,000
Mr T Egan	12,000	-
Ms S von Dadelszen	7,500	-
Mr D Nikora	23,760	18,000
Total Trustee Remuneration	<u>\$74,760</u>	<u>\$77,760</u>

**17. Employee Remuneration**

Only one employee received remuneration in excess of \$100,000 during the year.

**18. Debtors and Other Receivables**

	<u>2014</u>	<u>2013</u>
Debtors and Other Receivables	10,500	85,000
Less: provision for impairment	-	(85,000)
	<u>\$10,500</u>	<u>\$-</u>

**19. Post Balance Date Events**

There were no post balance date events.

*A* *EPK*



**AGMARDT**  
**Trust Directory**

**DIRECTORY**

**BOARD OF TRUSTEES**

Mr Barry Brook (Chairman, appointed 26/8/14)  
Mr Tony Egan (Appointed 1/10/13)  
Ms Sarah von Dadelszen (Appointed 1/1/14)  
Mr Dean Nikora (Chairman, Resigned 26/8/14)  
Mr Jeff Grant (Retired to 31/7/13)  
Prof. Jacqueline Rowarth (Retired to 31/12/13)

**MANAGEMENT**

Malcolm Nitschke  
(General Manager)

**TRUST OFFICE**

Level 1  
NZXAgri HQ  
8 Weld Street  
Feilding 4740

PO Box 472  
Feilding 4740

Tel (06) 323 8766

Fax (06) 323 8767

**INVESTMENT ADVISER**

Jana Investment Advisers Pty Limited

**AUDITOR**

Audit New Zealand  
on behalf of the Auditor-General

**BANKERS**

ASB Bank limited  
Bank of New Zealand limited

**SOLICITORS**

Macalister Mazengarb

**CHARITABLE NUMBER**

CC20167

